



State of Utah

Comprehensive Annual Financial Report

For the fiscal year ended June 30, 2005

State Of Utah

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For The Fiscal Year Ended June 30, 2005

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Gary R. Herbert Lt. Governor
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Greg J. Curtis Speaker of the House
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Special appreciation is given to all of the budget and accounting officers throughout the State whose extra time and effort made this report possible.



State of Utah
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Table of Contents

INTRODUCTORY SECTION

	Page
Title page – Acknowledgments	1
Table of Contents.....	2
Letter of Transmittal	4
Certificate of Achievement for Excellence in Financial Reporting	9
State of Utah Organization Chart.....	10

FINANCIAL SECTION

Independent State Auditor's Report.....	12
Management's Discussion and Analysis.....	14

Basic Financial Statements

Government-wide Financial Statements	
Statement of Net Assets	27
Statement of Activities.....	28
Governmental Fund Financial Statements	
Balance Sheet.....	32
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Assets	34
Statement of Revenues, Expenditures, and Changes in Fund Balances	36
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds to the Statement of Activities	38
Proprietary Fund Financial Statements	
Statement of Net Assets	40
Statement of Revenues, Expenses, and Changes in Fund Net Assets	42
Statement of Cash Flows	44
Fiduciary Fund Financial Statements	
Statement of Fiduciary Net Assets	49
Statement of Changes in Fiduciary Net Assets	50
Component Unit Financial Statements	
Combining Statement of Net Assets	52
Combining Statement of Activities.....	54
Notes to the Financial Statements	56

Required Supplementary Information

Budgetary Comparison Schedule – General Fund	106
Budgetary Comparison Schedule – Uniform School Fund	107
Budgetary Comparison Schedule – Transportation Fund	108
Budgetary Comparison Schedule – Centennial Highway Fund	109
Budgetary Comparison Schedule – Budget to GAAP Reconciliation.....	110
Notes to Required Supplementary Information – Budgetary Reporting	111
Information about Infrastructure Assets Reported Using the Modified Approach.....	112

Supplementary Information – Combining Statements and Individual Fund Statements and Schedules

Governmental Funds	
Nonmajor Governmental Funds	
Combining Balance Sheet	118
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	122
Budgetary Compliance	
Detail Schedule of Expenditures – Budget and Actual Comparison – General Fund.....	126
Detail Schedule of Expenditures – Budget and Actual Comparison – Uniform School Fund, Transportation Fund, Centennial Highway Fund, and Debt Service Funds	138

Supplementary Information – Combining Statements and Individual Fund Statements and Schedules (continued)**Proprietary Funds****Nonmajor Enterprise Funds**

Combining Statement of Net Assets.....	142
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets	144
Combining Statement of Cash Flows	146

Internal Service Funds

Combining Statement of Net Assets.....	152
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets	154
Combining Statement of Cash Flows	156

Fiduciary Funds**Defined Benefit Pension Plans and Other Pension Trust Funds**

Combining Statement of Fiduciary Net Assets.....	162
Combining Statement of Changes in Fiduciary Net Assets	164

Private Purpose Trust Funds

Combining Statement of Fiduciary Net Assets.....	166
Combining Statement of Changes in Fiduciary Net Assets	168

Agency Funds

Combining Statement of Fiduciary Assets and Liabilities.....	170
Combining Statement of Changes in Assets and Liabilities	171

Component Units**Nonmajor Component Units**

Combining Statement of Net Assets.....	174
Combining Statement of Activities	176

STATISTICAL SECTION

General Governmental Expenditures and Other Uses by Function – For the Last Ten Fiscal Years	180
General Governmental Revenues by Source and Liquor Control Profit Transfer – For the Last Ten Fiscal Years	181
General Obligation Bonds.....	182
Ratio of Net General Bonded Debt to Fair Market Value and Net Bonded Debt Per Capita – For the	
Last Ten Fiscal Years.....	182
Calculation of Legal Debt Limits – For the Last Ten Fiscal Years	183
Statutory Debt Limit	183
Net General Obligation Bonded Debt Per Capita – For the Last Ten Fiscal Years.....	183
Ratio of Debt Service Expenditures to General and to All Governmental Fund Type Expenditures – For the	
Last Ten Fiscal Years.....	184
Enterprise Funds Revenue Bond Coverage – For the Last Ten Fiscal Years	184
Revenue Bonds	185
Population	191
Taxable Retail Sales and Personal Income – For the Last Ten Calendar Years	191
Personal Income by Sector – For the Last Four Calendar Years	192
Composition of Labor Force – Annual Average – For the Last Five Calendar Years.....	193
Average Annual Unemployment Rate – For the Last Five Calendar Years	193
Gross Taxable Retail Sales and Use Tax Purchases – For the Last Five Calendar Years	194
Bank Deposits – For the Last Ten Fiscal Years	194
Largest Employers	195
Graph of Revenues and Expenditures – All Governmental Fund Types – For the Last Five Fiscal Years	196
Graph of Expenditures – Historical and Constant Dollars – All Governmental Fund Types – For the	
Last Five Fiscal Years	197
Graph of Per Capita Expenditures – Historical and Constant Dollars – All Governmental Fund Types – For the	
Last Five Fiscal Years	198

FINANCIAL SECTION



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INDEPENDENT STATE AUDITOR'S REPORT

To the Members of the Legislature
of the State of Utah and
The Honorable Jon M. Huntsman, Jr.
Governor, State of Utah

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Utah as of and for the year ended June 30, 2005, which collectively comprise the State's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the State's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Utah Housing Corporation; Utah Public Employees Group Insurance; the University of Utah's hospital and component units; Utah State University; portions of the Utah College of Applied Technology; the Dairy Commission; and the Utah State Retirement Office, which represent 50 percent of the assets and 49 percent of the revenues of the aggregate discretely presented component units and 77 percent of the assets and 1 percent of the revenues of the aggregate remaining fund information. Those financial statements were audited by other auditors whose reports thereon have been furnished to us; and our opinions, insofar as they relate to the amounts included for those agencies, funds, and component units, are based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the State's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Utah as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report, dated October 28, 2005, on our consideration of the State's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying management discussion and analysis on pages 14 through 23 and the required supplementary information on pages 106 through 113 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State's basic financial statements. The introductory section, the supplementary information – combining statements and individual fund statements and schedules, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information – combining statements and individual fund statements and schedules on pages 118 through 177 has been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of other auditors, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section on pages 1 through 10 and the statistical section on pages 180 through 198 have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in cursive script, reading "Auston G. Johnson".

Auston G. Johnson, CPA
Utah State Auditor
October 28, 2005